DEPARTMENT OF STATE INSTRUCTION

OFFICIAL USE ONLY
(Security Classification)

FOR DC USE ONLY

NO.: A-138, June 17, 1955

SUBJECT: FCN treaty.

TO: The American Embassy, MANAGUA

611.174/6-1755

The Nicaraguan Embassy has presented its Government's objections to the Department's proposed formula for Article XXI-4 (A-86, March 30, 1955), and has submitted a new proposal as follows:

4. The provisions of the present Treaty regarding most-favored-nation treatment, other than those relating to importation and exportation, shall not be applied to advantages which the Republic of Nicaragua accords to the other countries of Central America within a definite program of regional economic integration. As concerns advantages which Nicaragua may accord to the Central American countries with respect to importation and exportation, the provisions of Article XIV of the present Treaty shall prevail.

This proposal is acceptable to the Department. It is understood that the formula in Department's A-86, was objectionable because of the consultation provision and because it would jeopardize m-f-n treatment of Nicaraguan products in the United States, this treaty's assurance of which the Nicaraguan Government values.

It is also understood that the Minister of Economy has raised some objections to the term "definite" in the phrase "definite schedule" in the concluding sentence of Article XIV 6-c, pointing out that the term is not used in the GATT. If this matter is raised in further discussions, the Embassy may agree to revise as follows: "shall include a plan and schedule for the formation of a customs union or free trade area within a reasonable length of time". This adapts the specific language of the GATT.

HOOVER (ACTING)

DEPARTMENT OF STATE E.O. 12356/NLR
REVIEWED BY Crowley DATE 4/2/83
RDS-[illegible] XD[illegible]
TS AUTH.
EXCISE ENTIRE PARAGRAPH(S)
DECLASSIFY
RELEASE DENY
PA OR FOI EXEMPTION

Document Must Be Returned to
Central Files
CS/R 611.174/6-1755
CS/A

DS/R 50
Rev
Dat

S/S-CR
JUN 17 1955 P.M.

OFFICIAL USE ONLY
(Security Classification)

DRAFTED BY: ITR:TAD:VGSetser:hc 6/6/55

APPROVED BY: V. G. Setser

CLEARANCES:

L/E

L/T

COMMERCE